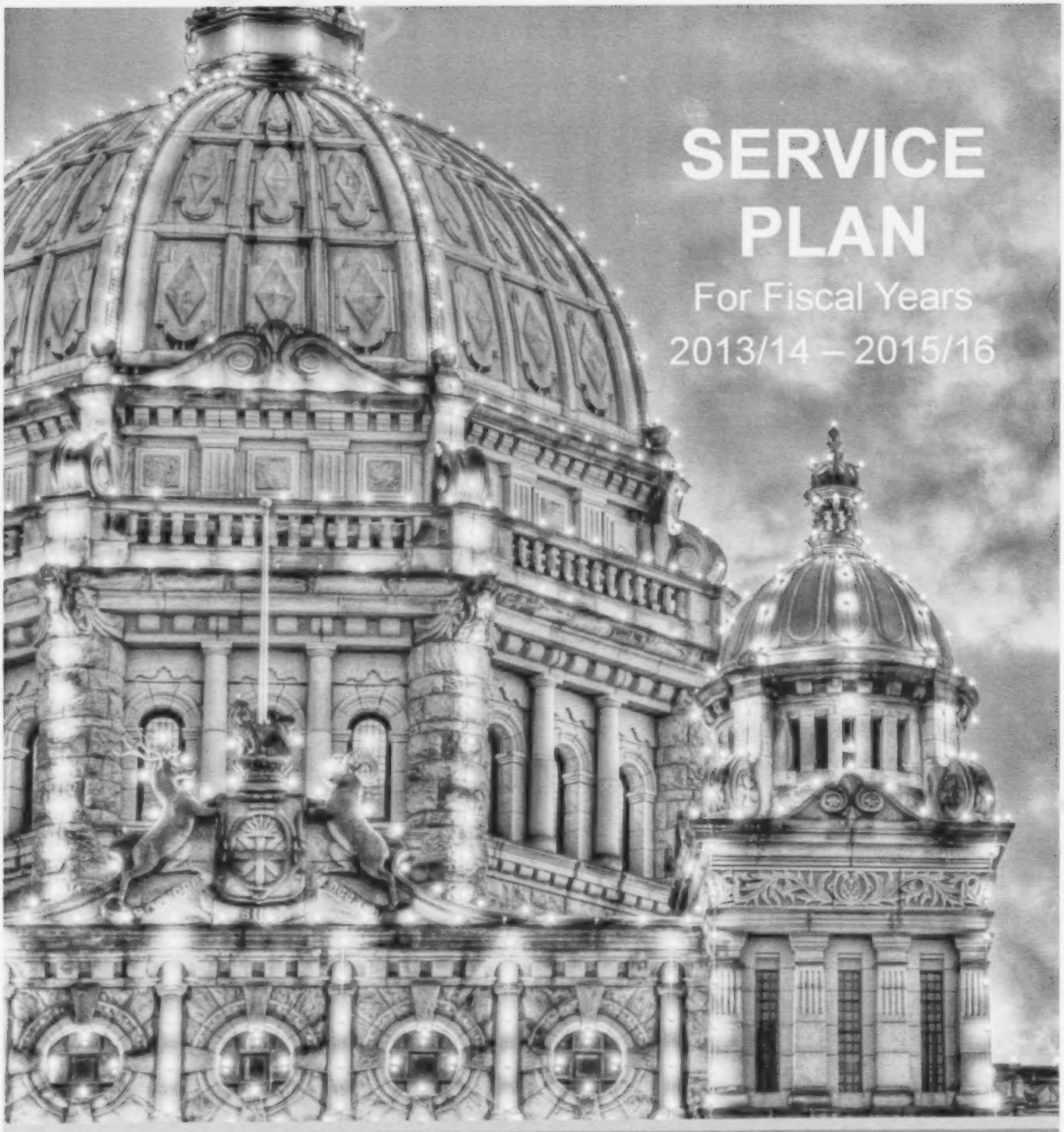

SERVICE PLAN

For Fiscal Years
2013/14 – 2015/16

PROVINCIAL CAPITAL COMMISSION

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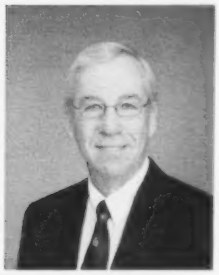

Honourable Bill Bennett
Minister of Community, Sport and Cultural Development

Dear Minister Bennett:

The Provincial Capital Commission's (PCC) core mandate is to *Connect and Celebrate the Capital with all British Columbians*. This Service Plan presents the PCC's principal objectives for fiscal years 2013/14 to 2015/16. The plan reflects today's business environment and identifies the risks and opportunities we see ahead. It also establishes the metrics used to evaluate performance against the PCC's stated goals.

Statement of Accountability
The 2013/14 - 2015/16 Provincial Capital Commission Service Plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The Service Plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. All significant assumptions, policy decisions, events and identified risks as of January 2013 have been considered in preparing the plan. The performance measures presented are consistent with the PCC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of the PCC's operating environment, forecast conditions, risk assessment and past performance.

The PCC has a distinguished history of serving British Columbians since 1956. Looking ahead, the Commission will continue to fulfill its core mandate through the diligent pursuit of the four goals described in this plan. The performance measures for these goals define how PCC outreach activities encourage all British Columbians to embrace and take pride in our Capital. The measures also address PCC success in optimizing revenue through effective management of our property assets, and achieving best practices in governance and results-oriented stewardship.

Over the term of this Service Plan, the PCC's outreach initiatives will enable almost 23,000 school-aged children from across the province to witness first-hand and participate in the democratic institutions active in their Capital city. By 2016, PCC support will have helped more than 54,000 BC youth connect with their Capital. The PCC also continues to be a proud sponsor of events and celebrations that reflect our history, culture and diversity. The Capital is a place to celebrate the achievements of British Columbians and the PCC works with many partners to showcase these accomplishments. In the next three years, the PCC will support celebratory events across the province that will reach an audience of over one million.

The PCC is honoured to provide a stewardship role for several prominent and important heritage buildings in the Capital, including St. Ann's Academy, the Crystal Garden and the CPR Steamship Terminal. These iconic properties play an important role in showcasing the built heritage of British Columbia and the PCC is proud of the significant accomplishments in preserving its property portfolio. Revenue from these sites supports the PCC's unique self-sustaining business model which funds outreach programs in support of the core mandate.

The PCC will continue to refine outsourcing of the day-to-day property support services through Shared Services BC to further improve our business model. Our financial outlook remains conservative, mindful of the current economic climate, our reserve capacity, and the requirement to achieve our Service Plan goals within a balanced annual operating forecast.

I wish to thank our small team of hardworking PCC staff for their continued dedication. I also look forward to working collaboratively with new members of the Board of Directors appointed in June 2012, and acknowledge and applaud their volunteer service on behalf of the citizens of British Columbia.

Yours very truly,

David R. Everett, Chair

ORGANIZATIONAL OVERVIEW

Enabling Legislation

The PCC is a Crown corporation created in 1956. The PCC operates under the *Capital Commission Act* with authority that focuses primarily on real property and beautification throughout the Capital Improvement District. Legislated authority was enhanced by direction from Government in 2003 to include a province-wide scope engendering a sense of pride by all British Columbians in their Capital and province.

Mandate

Connecting and Celebrating the Capital with all British Columbians.

Vision

British Columbians embrace and take pride in their Capital.

Mission

- Delivery of programs that connect British Columbians to their Capital and foster pride and awareness of the diverse cultures and rich history of their province
- Responsible stewardship of public assets
- A self-sustaining Crown corporation.

Values

- Act with integrity by operating with openness, fairness and transparency
- Be respectful, inclusive and accessible
- Think, plan and act long term
- Be socially responsible in everything we do by promoting financial, economic and environmental sustainability, and the well-being of all citizens
- Balance the needs of the Capital and the province-wide mandate
- Recognize and support the diversity of British Columbia's cultures, landscapes and history
- Manage the balance between our heritage properties and our province-wide mandate.

Location of Operations

The PCC's headquarters is located at 613 Pandora Avenue, Victoria, BC. A number of programs for schools and the general public are offered at St. Ann's Academy located at 835 Humboldt Street in Victoria, BC.

Benefit to British Columbia

The work of the PCC benefits the public by:

- Connecting British Columbians with their Capital through innovative outreach initiatives
- Taking the Capital to British Columbians and bringing British Columbians to the Capital
- Providing responsible and sensitive stewardship to many provincially-owned properties and heritage buildings that celebrate the Capital.

Products and Services Provided

These include:

- Programming to assist youth groups from across the province to visit the Capital
- Partnerships with businesses, not-for-profits and the tourism sector to boost awareness of, and visitation to, the province's Capital
- Educational and research support for students and teachers.

Core Business Areas

The PCC has two core business functions:

- Delivery of outreach and engagement programs that connect British Columbians with their Capital, and the Capital with all British Columbians
- Stewardship of our heritage, Inner Harbour and open space properties.

Partners, Clients and Stakeholders

The PCC operates in an environment that includes other parties with mandated responsibilities, visions and interests including: municipalities, other government departments, First Nations, other agencies including the Greater Victoria Harbour Authority, Tourism Victoria, the Royal British Columbia Museum and the private sector.

How Services Are Delivered

The PCC continues to deliver its services in a variety of ways: financial support for events in the Capital and regional events around the province, publications, online resources, strategic partnerships, and direct delivery by PCC staff.

Information on Subsidiaries and Operating Segments

The Provincial Capital Commission does not have any subsidiaries or operating segments.

CORPORATE GOVERNANCE

The PCC has a 14-member Board of Directors pursuant to the *Capital Commission Act*. Eight members, including the Board Chair, are appointed by Order in Council to represent the Province at large. The remaining six are appointed by the four core municipalities of Greater Victoria (two from Victoria, two from Saanich, and one each from Oak Bay and Esquimalt). The Board of Directors governs the PCC under the Capital Commission Act. Day-to-day management of the PCC is delegated by the Board to the Chief Executive and Operating Officer (CEOO).

The Board of Directors has adopted principles and policies that guide:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Accountability and performance

Disclosure Guidelines

The PCC complies with the 12 disclosure requirements of the Best Practice Guidelines on Governance and Disclosure published by the Board Resourcing and Development Office. The disclosures include terms of reference for the Board and its committees, the Chair and the CEOO. Director biographies, director attendance records, the number of board and committee meetings held during the year and Board minutes are also disclosed. This information can be found at: http://www.bcpcc.com/about_governance.php

Role of Board of Directors and Board Committees

Board of Directors
Approves the strategic direction and oversees the conduct of PCC business and activities of management.

Chair: David Everett
Order in Council appointments:
Linda Annis, Birgit Bennett, Wayne Lippert, Dennis Murray, William Norton and Diana Skoglund.
Core municipal appointments:
Pam Copley, Shellie Gudgeon, Lynda Hundleby and Ben Isitt.

Program Resource and Communications Committee
Provides advice to management in developing PCC programs, oversees the implementation and effectiveness of programs and makes recommendations to the Board.

Co-Chairs: Birgit Bennett, Linda Annis
Members: Ben Isitt, Wayne Lippert, Diana Skoglund and David Everett (ex officio).
Key Management Resource: Program Manager, Outreach and Engagement

Finance & Audit Committee
Oversees the PCC's real estate inventory, financial management and reporting, audit and enterprise risk management, and makes recommendations to the Board.

Chair: William Norton
Members: Lynda Hundleby and David Everett.
Key Management Resource: CEOO

Governance Committee
Reviews governance policies and procedures, oversees an annual evaluation of the Board, Board Chair and Board Committees, and makes recommendations to the Board.

Chair: Dennis Murray
Members: Linda Annis, Pam Copley, Lynda Hundleby and David Everett (ex-officio).
Key Management Resource: Corporate Secretary

Executive Committee
Sets agendas for Board meetings and planning sessions, provides a forum for initial review of policy proposals and initiatives brought forward by management, provides oversight of human resource planning, leads the annual review of the CEOO's performance, and makes recommendations to the Board.

Chair: David Everett
Members: Linda Annis, Birgit Bennett, Dennis Murray and William Norton.
Key Management Resource: CEOO

DIRECTORS AND SENIOR MANAGEMENT

NAME	POSITION	FROM	APPOINTED
David Everett	Chair	Lower Mainland	Order in Council
Linda Annis	Director	Lower Mainland	Order in Council
Birgit Bennett	Director	Thompson Okanagan	Order in Council
Pam Copley	Director	Vancouver Island	Municipal, Oak Bay
Shellie Gudgeon	Director	Vancouver Island	Municipal, Victoria
Lynda Hundleby	Director	Vancouver Island	Municipal, Esquimalt
Ben Isitt	Director	Vancouver Island	Municipal, Victoria
Wayne Lippert	Director	Thompson Okanagan	Order in Council
Dennis Murray	Director	Vancouver Island	Order in Council
William Norton	Director	Northern British Columbia	Order In Council
Diana Skoglund	Director	Thompson Okanagan	Order in Council

SENIOR MANAGEMENT

NAME	POSITION
Richard Crosby, CGA	Chief Executive & Operating Officer*
Kris Andersen	Program Manager, Outreach and Engagement
Jan Norman	Manager, Corporate Services & Corporate Secretary*

*Acting

STRATEGIC CONTEXT

Operating Environment

As a self-sustaining Crown corporation, the PCC achieves its core business goals by preserving and maintaining its commercial property assets in order to optimize revenues to fund the delivery of outreach programs.

As a key outreach strategy, the PCC will continue to seek financial partnerships, cost-sharing and sponsorship opportunities to further expand and diversify financial support for PCC programs while increasing the profile of the PCC in *Connecting and Celebrating the Capital with all British Columbians*.

A significant portion of property income is derived from tenants dependent on tourism and visitors to the Capital. Property revenue objectives are generally based on achieving market rates for commercial leasing and parking on a basis consistent with Board-approved policy. The PCC strives to fully optimize the use of property assets within current municipal zoning and permitted uses.

Capacity

The PCC's core businesses are managed and delivered by a small team of dedicated and talented staff with property and financial management support utilizing government resource capacity. Contracted professional services are utilized for subject expertise and to supplement organizational capacity when required. Seasonal auxiliary staff is also used to support operations, events and revenue-producing facility rentals at the St. Ann's Academy Interpretive Centre.

Organizational restructuring in support of core business functions was implemented in April 2012, and a transition of six Board appointments through Order in Council followed in June 2012. Future succession planning of Board and key staff positions will continue to be a priority through 2015/16 in order to ensure critical corporate knowledge, skills and expertise are sustained to support PCC core business functions.

RISKS AND OPPORTUNITIES

Key Strategic Issues	Status and Potential Impacts	Plans to Address Linkages to Goals and Measures
Seek opportunities for financial partnerships, cost sharing and sponsorships in support of outreach programs	The Service Plan financial outlook conservatively excludes sponsorships and potential third-party program funding opportunities.	Sponsorship targets are included under Goal 2 targets.
CPR Steamship Terminal (CPT) – Greater Victoria Harbour Authority (GVHA) tenancy plan	Tenant income from GVHA commenced September 2012. GVHA sub-tenant opening planned for Spring 2013.	Financial Outlook is based on the PCC lease with the GVHA.
Succession planning - PCC Board and staff	Succession planning to address future Board and PCC staff vacancies is critical to ensuring effective business continuity.	Effective succession planning in governance and operations will be essential to achieving all Service Plan goals and performance targets.

GOALS, STRATEGIES, MEASURES AND TARGETS

This section presents the PCC's goals and includes a corresponding set of strategies, targets and performance measures that support their achievement. Our goals reflect our core business requirements. As resources and priorities evolve, our strategies are refined. Performance measures are used to set targets and track our progress and are enhanced as new information becomes available.

The PCC evaluates its performance measures to ensure they are meaningful, reflect PCC priorities and focus on the desired outcomes.

GOAL ONE: Connect all British Columbians with their Capital

The PCC has developed a variety of strategies to encourage British Columbians to participate in programs and events that connect them to their Capital, and to create awareness of the Capital as a special place of historic and cultural significance while honouring First Nations Heritage. A particular emphasis is placed on youth engagement in civic commitment and social studies.

STRATEGIES

1. Continue to implement a series of outreach programs and information strategies with particular focus on connecting children and youth to their Capital and engaging them in activities that manifest this connection
2. Continue to implement "signature programs" that will be strongly identified as the corporate mark of the PCC
3. Connect with communities and regions province wide to promote British Columbians embracing and taking pride in their Capital
4. Seek continuous innovation to grow, refresh and maintain the vitality of new and/or existing programs.

PERFORMANCE MEASURES	2011/12 Actual	2012/13 Forecast[1]	TARGETS 2013/14[2]	2014/15	2015/16
1. Level of participation in PCC outreach programs targeted for children and youth annually	7,087 youth from 163 groups	4,260 youth 103 groups	7,500 youth 166 groups	7,650 youth 170 groups	7,800 youth 173 groups
Cumulative participation since base year 2006/07	27,004 youth from 612 groups	31,185 youth 714 groups	38,730 youth 880 groups	46,380 youth 1050 groups	54,180 youth 1223 groups
2. Number of communities participating in PCC outreach activities	57	49	58	59	61
Number of additional communities participating in sponsored PCC outreach activities and events province wide[3]	49	34	50	51	52
3. Positive participant assessment of the quality and effectiveness of PCC outreach programs.	Target achieved[4]	Target achieved[5]	>98%	>98%	>98%

NOTES

[1] The 2012/13 target was 7,706 youth from 176 groups. Forecast results reflect reduced participation due to public education sector job action.

[2] 2013/14 targets have been determined against 2011/12 actuals based on a return to anticipated growth in program participation.

[3] Events include Communities in Bloom; BC Heritage Fairs; BC Day; BC Youth Parliament; and Francophone Youth Parliament.

[4] In 2011/12, 100% of adult leaders travelling in Spring 2011 and 100% of adult leaders travelling in Fall 2011 would recommend the *Capital for Kids* travel funding program to a colleague.

[5] In 2012/13, 100% of adult leaders travelling in Spring 2012 and 93% of adult leaders travelling in Fall 2012 would recommend the Capital for Kids travel funding program to a colleague.

Performance Management Systems

For British Columbians to embrace and take pride in the Capital, a key PCC strategy is to develop and support opportunities that allow citizens, communities and regions to connect with their Capital. Through PCC's outreach programs, a broad range of initiatives are funded in support of this vision. As a result, performance measures focus on province-wide participation in PCC outreach programs as well as survey results designed to measure program effectiveness.

Measures for participation in PCC programs directed at children and youth are reported as the actual number of youth supported through the *Capital for Kids* travel funding program.

The level of community and regional participation in PCC outreach initiatives is also a measure used to demonstrate program effectiveness. "Community" is defined as the mailing address for a program participant or group as reported in their final reports. (Canada Post identifies 52 urban and 363 rural communities in BC.) The number of communities reported in this goal is the number of unique locales self-identified in these reports. Given our desire to reach youth in all corners of the province and since the *Capital for Kids* program uses seven travel zones across the province to determine funding levels, community representation in each of these zones is used to measure regional reach. The PCC also sponsors programs with province-wide participation that align with the PCC mandate. Under this activity, sponsorship final reports are used to determine additional unique communities receiving PCC support.

To measure the quality and effectiveness of PCC outreach programs, the PCC launched a survey directed at the adult leaders who utilized the *Capital for Kids* program, the first major PCC outreach program. The percentage of respondents who agree or strongly agree with the statement "I would recommend the *Capital for Kids* program to a colleague" is used for this measure. The feedback of adult leaders not only assesses the quality and effectiveness of the program but also the relevance of the program.

Benchmarks

While capital commissions exist in other jurisdictions, benchmark comparisons are limited. Within Canada, there are provincial commissions for Quebec and Saskatchewan, and at the federal level the National Capital Commission. In Australia, a similar agency is the National Capital Authority. The PCC operates on a self-sustaining business model, whereas the other organizations noted receive taxpayer funded operating contributions. The scope and mandate of the commissions in Canberra, Australia, Ottawa and Quebec City are broader than BC, while the commission in Saskatchewan is smaller. PCC staff monitors program offerings of these and other organizations to determine if useful comparisons and best practices can be incorporated into program development and delivery.

The PCC is aware of two jurisdictions, Australia and New Brunswick, which have offered programs for funding student travel to a Capital city. The Australian program is called the Parliament and Civics Education Rebate (PACER). It currently supports 30,000 students a year to travel to their national capital. While the taxpayer-funded New Brunswick Capital Commission has been discontinued, its *Capital Encounters* program implemented in 2009 was modelled on the BC Provincial Capital Commission's *Capital for Kids* travel program. Recently, Saskatchewan launched a youth mentorship program to bring their northern students to the Capital, but it is not a comparable benchmark.

GOAL TWO: Celebrate the Capital and the Province with all British Columbians

PCC strategies and programs celebrate the Capital as a historic and cultural centre in the province. Program delivery associated with this goal emphasizes national, provincial and community celebrations held in the Capital and provincially-significant events celebrated province-wide that align with the PCC's mandate.

STRATEGIES

1. Continue to implement a series of inclusive family-oriented outreach programs and information strategies that support the celebratory function of the Capital
2. Continue to implement "signature programs" that will be strongly identified with the corporate brand of the PCC
3. Connect British Columbians to the Capital by providing opportunities for meaningful representation of BC communities and regions at Capital events, and by promoting the concept of the Capital in the regions and communities of the province
4. Pursue innovation to grow, refresh and maintain the vitality of new and/or existing programs.

PERFORMANCE MEASURES	2011/12 Actual	2012/13 Forecast	TARGETS 2013/14	2014/15	2015/16
1. Attendance at PCC-funded BC Day celebrations	~10,000[1]	~8,000[2]	~10,000	~15,000	~20,000
Event funding					
• PCC core funding	$ 36,575	$ 33,000	$ 83,000	$100,000	$110,000
• Partners/Sponsors		$ 80,000	$ 40,000	$ 50,000	$ 60,000
TOTAL		$113,000	$123,000	$150,000	$170,000
2. Attendance at PCC-funded celebrations of national significance in the Capital	~40,030[3] (3 events)	~54,624[3] (2 events)	~55,000 (2 events)	~55,000 (2 events)	~55,000 (2 events)
PCC event funding	$17,365	$15,770	$18,300	$20,000	$20,000
3. Attendance at community festivals hosted on PCC properties	~ 205,000[3] (7 events)	~ 294,500[3] (7 events)	~295,000 (8 events)	~300,000 (8 events)	~305,000 (8 events)
PCC event funding	$ 33,999	$37,119	$41,700	$42,000	$42,000

NOTES

[1] In 2011, the PCC funded a BC Day event at St. Ann's Academy and sponsored BC Parks 100th anniversary celebrations in 12 communities province wide.

[2] For 2012, the PCC provided core funding to the City of Victoria/United Way for a celebration held at St. Ann's Academy.

[3] Event details will be included in the Annual Report for 2012/13.

Performance Management Systems

A key PCC strategy to encourage British Columbians to embrace and take pride in their Capital is to develop and support opportunities that allow citizens, communities and regions to participate in celebrations. As a result, performance measures under Goal Two focus on attendance at PCC supported events hosted in the Capital which have provincial or national significance as well as community events and festivals hosted on PCC properties that align with the Commission's mandate.

The BC Provincial Capital Commission does not have resource capacity to deliver and produce events directly. Its primary focus is on strategic investment of modest resources in events that support and achieve Commission goals and performance targets. While the PCC is capable of producing and delivering events on special occasions, such as Festival 150 held on BC Day in 2008, its primary role is to offer properties as host venues, and provide financial support to event organizers.

Attendance data for the measures is taken from the final reports of event contractors, and sponsorship agreement final reports.

PCC event funding levels are reported to demonstrate the connection between PCC's financial support and attendance at events that support the PCC's mandate and goal two performance targets.

While the PCC considers support for BC Day celebrations in the Capital a key strategic priority, the ability to increase event funding has been challenged in recent years due to the temporary loss of revenue during seismic upgrading and rehabilitation of the CPR Steamship Terminal. In 2013/14, as a result of increasing property revenues, the budget for outreach programs will grow by $50,000 and will be applied to supplement PCC core funding for BC Day celebrations.

The celebratory nature of the Capital is also supported by the PCC through community-based festival events using PCC property. Annual events include the Swiftsure International Yacht Race; the Victoria International Cycling Festival (JumpShip component); the Victoria Ska Festival; the Victoria International Buskers Festival; the Victoria Dragon Boat Festival; the Victoria Fringe Theatre Festival; and the Victoria Classic Boat Festival. In 2013/14, the Creatively United for the Planet Earth Week Festival will join the list of events.

Benchmarks

As this goal and related performance measures for celebrations were introduced in 2011/12, work is being undertaken to determine comparable information from similar jurisdictions in Canada. As detailed under Goal 1, while capital commissions exist in other jurisdictions, benchmark comparisons are limited. Within Canada, all provincial capitals and the national capital in Ottawa celebrate provincial and national events to a varying degree, funded through a variety of sources. Event celebrations are highly sensitive to funding availability from both the public and private sector. Networking opportunities with groups such as the Canadian Capital Cities Organization will continue to be pursued to identify benchmarks and best practices to enhance the PCC's strategic role to develop and support events and celebrations of significance hosted in the Capital, and celebrations of provincial significance hosted in regions and communities province-wide. PCC staff monitors program offerings of these and other organizations to determine whether some useful comparisons can be derived.

GOAL THREE: Effective management and preservation of property assets to optimize revenues and opportunities on a self-sustaining basis.

In order to achieve the goal of a financially-viable, self-sustaining service delivery Crown corporation, it is critical to ensure that assets and properties held in the public trust be dealt with in a manner that is consistent with responsible stewardship.

STRATEGIES

1. Follow sound property management practices by implementing plans to optimize revenue and manage risks that could result in loss of value, revenue or cost exposure to the PCC through setting priorities for mitigation strategies considering cost/benefit implications and available resources
2. Rationalize property assets consistent with the PCC property plan and government direction
3. Utilize organizational capacity and expertise of Shared Services BC for property management support.

PERFORMANCE MEASURES	2011/12 Actual	2012/13 Forecast	TARGETS 2013/14	2014/15	2015/16
1. Annual revenues from all corporate assets.	$2.89 million	$3.25 million	$3.40 million	$3.45 million	$3.50 million

Performance Management Systems

Systems for measuring performance targets on properties are data specific. Revenues are captured through the Commission's corporate accounting system and reported through its annual audited financial statements.

Benchmarks

Tenant income from commercial properties is guided by Board policy, based on industry standards and market rates for comparable spaces (office, retail, storage, waterfront, etc). Management of parking lot assets is contracted to firms with appropriate expertise and resources with knowledge of local market rates and benchmark standards.

GOAL FOUR: Sound governance and results-oriented management of the Provincial Capital Commission.

This goal is to be achieved through the efficient use of the PCC's resources, the accountability for the stewardship of those resources and by effectively fulfilling the PCC's mandate.

STRATEGIES

1. Seek out and implement as appropriate best practices in corporate governance
2. Monitor enterprise-wide risk management
3. Maintain highest standards of management and financial reporting
4. Establish budget targets based on available financial resources
5. Evaluation of the Board, CEOO and Board Chair
6. Utilize organizational capacity and expertise of the Ministry of Community, Sport and Cultural Development for financial services support.

PERFORMANCE MEASURES	2011/12 Actual	2012/13 Forecast	TARGETS 2013/14	2014/15	2015/16
Qualitative improvements in business processes and governance	6[1]	5[2]	To be reported annually	To be reported annually	To be reported annually
Since base year 2007 (cumulative)	35	40			
Corporate support and governance as a % of operating revenues	14%	11%	< 15%	< 15%	< 15%
Self-sustaining operations	Achieve savings against plan	Achieve surplus	Achieve plan	Achieve forecast	Achieve forecast

NOTES

1 Initiative listed in the 2011/12 Annual Report.

2 Actual and planned improvements to March 31, 2013 include Board succession plan, information technology refresh and efficiency upgrades, efficiencies in correspondence and records management, and updates to business continuity plans and emergency preparedness.

Performance Management Systems

The PCC strives for continuous improvement in its business processes and governance, driven by the PCC's annual operating plan. The cumulative total is measured against the base year 2006/07. Corporate support and governance as a percentage of operating revenues is reflected in the annual financial statements. The updated targets reflect efficiencies achieved compared to a baseline of 15%. The achievement of self-sustaining operations is publicly reported through quarterly reports to the Board, the Service Plan Financial Outlook and the Annual Report containing the audited financial statements.

Benchmarks

For this goal, benchmark comparisons for similar organizations in other jurisdictions are limited. The expense ratio of overhead costs against revenue is a standard measure for assessing the operational efficiency of an organization. The PCC focus on efficiency ensures that overhead costs are consistently managed to a cap of 15% of annual revenues, thereby optimizing funding for programs.

GOVERNMENT'S LETTER OF EXPECTATIONS

Government Direction

The Government's Letter of Expectations sets out the respective roles and responsibilities of the government and the PCC and serves as the basis of agreement between the parties including high-level performance expectations, public policy issues and strategic priorities. The letter is posted on our website at: http://www.bcpcc.com/about_docspubs.php.

GOVERNMENT'S LETTER	PCC ALIGNMENT
PCC Outreach	
• Continue to work collaboratively with provincial, municipal and non-profit agencies on outreach activities that create awareness of the Capital as a special place for all British Columbians and honour First Nations heritage, while showcasing the Capital.	• Collaboration is essential to the delivery of PCC-funded outreach activities. The PCC joins with various non-profit agencies as well as organizations such as the Office of Public Education and Outreach at the BC Legislature, the BC Youth Parliament and the City of Victoria to deliver programs and events province wide and in the Capital.
PCC Properties	
• Continue to work with Shared Services BC related to property stewardship and divestiture	• Supports PCC Property Plan objectives by rationalizing the property inventory to the current mandate in order to increase the focus on resources to support the delivery of outreach programs.
• Continue to determine required capital maintenance to core PCC properties and identify funding strategies to address medium-to long-term requirements, and report back to government on the Belleville terminal dock replacement strategy.	• Forecast for short-term capital maintenance priorities is included in the financial outlook. Strategies to address medium- to long-term capital plan requirements are sensitive to third-party funding opportunities and available PCC retained earnings.

In addition to these specific directions, the PCC is also committed to complying with government's targets to be carbon neutral under the Greenhouse Gas Targets Reduction Act. The PCC annually meets the requirement to be carbon neutral and routinely reports Climate Action Plan performance using government's SMARTTool. The PCC's Carbon Neutral Action Report is available to the public on our website at http://www.bcpcc.com/pdf/2011_CNAR_Overview.pdf as well as at http://www.livesmartbc.ca/government/carbon_neutral/crown_corporations.html

SUMMARY FINANCIAL OUTLOOK

Financial Performance and Key Assumptions

The PCC Summary Financial Outlook aligns available financial and staff resources to achieve the PCC's Service Plan vision and goals. The key assumptions are as follows:

- The outlook for revenues, expenses and investment in capital assets is based on self-sustainability, and managed on a basis consistent with requirements specified in the Government's Letter of Expectations
- Service Plan goals are to be achieved within available resource capacity
- Revenue projections are conservative, and take into consideration existing lease agreements, current capacity and permitted uses for PCC property assets
- Operating expenses for 2013/14 and future years include elimination of the Harmonized Sales Tax exemption on April 1, 2013, the impact of the BCGEU wage settlement adjustments over 2012 and 2013, and administrative efficiency savings implemented in 2012
- Funding of outreach programs for 2013/14 and future years is based on anticipated property revenue from commercial activities within a balanced financial outlook by fiscal year
- Property and financial management services will continue to be supported by existing government resource capacity
- Forecast allowances for capital maintenance are based on available retained earnings capacity and anticipated third-party funding contributions.

The objective of the financial outlook is to fully utilize revenue from the optimization of property assets to fund the delivery of outreach programs, finance essential capital maintenance on PCC-owned properties, and sustain retained earnings capacity.

Future Financial Outlook and Sensitivity Analysis

The future financial outlook is based on the key assumptions reported. A summary of forecast risks and sensitivities to be monitored and managed is included in a table for information.

Financial Summary ($ thousands)		2011/12 Actual	2012/13 Forecast	2013/14 Budget	2014/15 Budget	2015/16 Budget
Revenue						
Commercial Activities:						
Tenant income		1,826	2,050	2,175	2,245	2,275
Parking lots		671	700	700	725	735
St. Ann's Academy		115	125	125	130	135
Contributions:						
Operating - Port Facility		33	50	50	-	-
Capital - contributed assets		211	300	325	325	325
Investment Income		34	25	25	25	30
Gain on disposal of property	Note 1	-	-	-	-	-
		2,890	**3,250**	**3,400**	**3,450**	**3,500**
Expenses by core business						
Outreach programs		1,083	1,100	1,160	1,190	1,215
Properties		1,741	1,750	1,850	1,865	1,885
Corporate support and governance		405	350	360	365	370
		3,229	**3,200**	**3,370**	**3,420**	**3,470**
Annual surplus (deficit)	Note 2	**(339)**	**50**	**30**	**30**	**30**
Expenses by category						
Property operating expenses		916	1,015	1,085	1,100	1,115
Salaries and benefits		844	825	840	850	860
Amortization		464	620	650	650	650
Outreach program contributions		392	365	415	440	465
Office and business	Note 3	164	200	200	200	200
Professional services		405	140	140	140	140
Board and committees		44	35	40	40	40
		3,229	**3,200**	**3,370**	**3,420**	**3,470**
Investment in capital assets	Note 4	**2,997**	**575**	**525**	**370**	**550**
Less: deferred capital contributions		(2,510)	(125)	(300)	(220)	(400)
Equity invested in capital assets		**487**	**450**	**225**	**150**	**150**
Retained Earnings (end of year)	Note 5	**719**	**600**	**700**	**850**	**1,000**
Debt	Note 6	**0**	**0**	**0**	**0**	**0**

NOTES

1 Property dispositions are authorized by Order in Council and are recorded as revenue on completion of a sale transfer agreement.

2 The Board approved a one-time deficit in 2011/12 of up to $400,000 to sustain funding of Outreach Programs during the temporary loss of tenant income during the CPR Steamship Terminal seismic upgrade and rehabilitation project.

3 Includes government support service charge backs for property services, human resources and payroll.

4 Capital projects over $200,000 are subject to Order in Council approval.

5 Retained earnings represents accumulated surplus excluding investment in capital assets. Restriction of retained earnings may be authorized by the Board and/or Order in Council, and are reported in the audited financial statements.

6 The *Capital Commission Act* does not provide for borrowing authority.

FORECAST: RISK AND SENSITIVITIES		
Area of Risk	Sensitivities	Financial Implications
Operating Revenue	Revenues from tenant income and parking lots remain sensitive to tourism and visitation to the Capital.	Financial outlook for 2012/13 and out years include conservative forecasts of revenue from property assets. Revenue from percentage of sales is recorded as received.
Operating Expenses	PCC operating expenses will be sensitive to the elimination of the HST exemption and return to the Provincial Sales Tax on April 1, 2013, and the cost of the BCGEU wage settlement increases through 2013.	PST impact and BCGEU wage settlement costs have been factored into the forecast and have been offset by PCC efficiency savings achieved through utilizing government capacity for property and financial management
	Unanticipated property risks and cost inflation on property expenses, e.g. utilities and insurance.	The financial outlook for property operating expenses includes an allowance for contingencies.
Investment in Capital Assets	Capital maintenance is sensitive to property risks, PCC retained earnings capacity, and third-party funding availability.	All occupied heritage buildings have been seismically upgraded. Budgeted capital maintenance is focused on essential risk management. Balance of federal funding held for the Belleville Port Facility must be utilized by March 2014.

CAPITAL PLAN AND MAJOR CAPITAL PROJECTS

The PCC's property assets are located within the Capital region and have a current assessed value in excess of $100 million. The inventory includes heritage buildings, Inner Harbour ferry terminals, and development sites currently generating revenue as parking lots. The inventory also includes parks located in several municipalities, and greenspace along the Trans Canada Highway view corridor to the Capital. Detailed information on our property holdings is available on the PCC website at http://www.bcpcc.com/properties.php.

Capital projects over $200,000 require authorization by Order in Council. From 2006 to 2012, the PCC has invested approximately $10 million in capital asset maintenance, including seismic and structural upgrades to the Crystal Garden, the Visitor Information Centre at 812 Wharf Street and the CPR Steamship Terminal building.

From 2013/14 through 2015/16, the PCC is forecasting the need for additional investment in capital assets to address anticipated maintenance requirements for Inner Harbour properties and ferry terminal facilities.

Within five years, the PCC is facing significant infrastructure requirements. This includes the replacement of the timber wharf currently leased to Blackball Ferry Line, at a total cost estimated of up to $10 million. Within 10 to 15 years, it is also anticipated additional investments will be required to replace the current wharf infrastructure at Belleville Port Facility and Ship Point. The current financial outlook through 2015/16 includes anticipated capital maintenance that can be funded from PCC retained earnings and anticipated third-party contributions. This includes provision for maintenance to extend the life of the current wharf used by Blackball Ferry, but does not include replacement costs.

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